

## Message Text

UNCLASSIFIED

PAGE 01 LONDON 08373 201322Z

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03  
PA-02 USIA-15 PRS-01 SP-02 /057 W  
-----210223Z 102035 /73

R 201256Z MAY 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4140

UNCLAS LONDON 08373

PASS CAB (WEST AND RODRIGUEZ), DOT (DAVENPORT AND KAMM),  
COMMERCE (TOLO), WHITE HOUSE (JOHNSTON)

E.O. 11652 N/A

TAGS: EAIR, UK

SUBJECT: US-UK CIVAIR NEGOTIATIONS: PRESS REPORT ON  
DOT STUDY

1. FYI TEXT FOLLOWS OF MAY 20 FINANCIAL TIMES ARTICLE  
ON DOT SPONSORED STUDY OF BRITISH AIRWAYS EFFICIENCY:

2. HEADLINE "STATE AIRLINE 'INEFFICIENT'"

3. TEXT: QUOTE BRITISH AIRWAYS' PRODUCTIVITY IS  
SUBSTANTIALLY LOWER THAN THAT OF U.S. AIRLINES, ITS  
COSTS AND REVENUES SIGNIFICANTLY HIGHER AND ITS FLEET  
INEFFICIENT.

2. THESE BROAD CONCLUSIONS ARE CONTAINED IN AN ECONOMIC  
ANALYSIS OF BRITISH AIRWAYS PREPARED FOR THE U.S.  
DEPARTMENT OF TRANSPORTATION BY TAUSSIG ASSOCIATES, AN  
INDEPENDENT U.S. AVIATION ANALYST, HEADED BY MR. WILLIAM  
M. TAUSSIG.

3. THE REPORT SUGGESTS THAT BRITISH AIRWAYS IS UNDER  
"TREMENDOUS PRESSURE" TO INCREASE ITS CASH FLOW BY ANY  
METHOD POSSIBLE, "INCLUDING THE IMPROVEMENT OF ITS MARKET  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 08373 201322Z

SHARE THROUGH NEW BILATERAL AGREEMENTS.

4. "THERE ARE INDICATIONS THAT REVENUE GROWTH HAS BEEN  
REGARDED AS THE SOLUTION TO ALL PROBLEMS AND THAT  
ATTENTION TO COSTS HAS BEEN A BIT CASUAL."

5. ON THE OTHER HAND, "THE PERENNIAL NEED OF THE COUNTRY  
AND THE COMPANY TO EARN FOREIGN EXCHANGE HAS PROBABLY  
BEEN RESPONSIBLE FOR THE RELATIVE EFFICIENCY OF THE

OVERSEAS DIVISION."

6. CAPITAL SPENDING ON AIRCRAFT IN RECENT YEARS SUGGESTED THAT THE EUROPEAN AND REGIONAL OPERATIONS HAD BEEN TREATED AS POOR RELATIONS.

7. THE REPORT, WRITTEN BEFORE THE REORGANISATION WHICH MERGED THE OVERSEAS, REGIONAL AND EUROPEAN DIVISIONS, SAYS THAT "UNFORTUNATELY, THERE APPEARS TO BE A CERTAIN LACK OF DISCIPLINE WITHIN BRITISH AIRWAYS WHICH HAS GROWN UP OVER THE YEARS, AND THIS HAS ALSO BEEN TRUE OF A NUMBER OF U.S. AIRLINES.

8. "IN THE LATTER CASE, COMPETITION SEEMS TO RESTORE LOST DISCIPLINE. IF BRITISH AIRWAYS FIELDS DATA SIMILAR TO THE REQUIREMENTS OF THE CIVIL AERONAUTICS BOARD, IT COULD WELL HAVE A DRAMATIC AND POSITIVE EFFECT ON THE COMPANY'S FUTURE. BEING HELD ACCOUNTABLE CAN DO WONDERS."

9. ANALYSIS OF SUCH INFORMATION AS WAS AVAILABLE ABOUT BRITISH AIRWAYS SUGGESTED THAT THE NEED TO RE-EQUIP WAS CERTAINLY MOST PRESSING, ESPECIALLY WHERE THE VISCOUNT, TRIDENT AND ONE-ELEVEN FLEETS WERE CONCERNED.

10. "IT APPEARS THAT THE SUM OF POUNDS 500M. WILL HAVE TO BE RAISED OVER, SAY THE NEXT FIVE YEARS."

11. AS FOR LOWER PRODUCTIVITY, THE EUROPEAN AND REGIONAL DIVISIONS OF BRITISH AIRWAYS EMPLOYED WELL OVER THREE TIMES AS MANY PEOPLE AS ALLEGHENY AIRLINES (A U.S. DOMESTIC AIRLINE) TO MOVE VIRTUALLY THE SAME NUMBER OF PASSENGERS.

12. BRITISH AIRWAYS' FLEET WAS "BY FAR THE MOST UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 08373 201322Z

INEFFICIENT OF ANY MAJOR AIRLINE IN THE WORLD." THE VAST NUMBER OF DIFFERENT AIRCRAFT AND ENGINES FORCED HIGHER MAINTENANCE, SPARES, OPERATIONS, GROUND HANDLING AND TRAINING COSTS.

13. BRITISH AIRWAYS, AN ANALYSIS OF EFFICIENCY AND COST LEVELS: AVAILABLE THROUGH THE U.S. NATIONAL TECHNICAL INFORMATION SERVICE, SPRINGFIELD, VIRGINIA, 22161, USA. UNQUOTE

SPIERS

UNCLASSIFIED

NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, CIVIL AVIATION, THE PRESS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 20-May-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977LONDON08373  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770181-0188  
**Format:** TEL  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770536/aaaabexu.tel  
**Line Count:** 107  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 0529408f-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 26-Jan-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2439345  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US-UK CIVAIR NEGOTIATIONS: PRESS REPORT ON DOT STUDY  
**TAGS:** EAIR, UK, DOT, FINANCIAL TIMES  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/0529408f-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009